

CITY OF HAYWARD AGENDA REPORT

AGENDA DATE

AGENDA ITEM

WORK SESSION ITEM

05/02/06 4

TO:

Mayor and City Council

FROM:

City Manager

SUBJECT:

Stonebrae Country Club Project - Approval of Partial Assignment and Assumption

Agreement from Toll Bros., Inc to Toll Stonebrae LP

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution approving the Partial Assignment and Assumption Agreement for the Stonebrae Country Club project from Toll Bros., Inc., to Toll Stonebrae LP.

DISCUSSION:

The City Council approved the Development Agreement for the Blue Rock Country Club project (now "Stonebrae Country Club") with developer, Hayward 1900, Inc., in April 1998 and the assignment of the Development Agreement to Stonebrae, L.P. in June 2005. The Development Agreement requires the consent of the City prior to any further assignments of the rights and obligations under the agreement. In November, 2005, the City Council approved a partial assignment and assumption agreement from Stonebrae, L.P., to Toll Bros, Inc., Warmington Group of Companies and Standard Pacific, the proposed builders of Village A. That assignment specifically provides that Stonebrae, L.P., was not being released from its obligations under the Development Agreement. The assignment also specifically provides that the builders must comply with the adopted Design Guidelines.

Toll Bros., Inc., is now requesting that the City Council approve an assignment of its rights and obligations to its wholly-owned project subsidiary, Toll Stonebrae LP, a California limited partnership. A letter from Paul Yuen, Chief Financial Officer of YCS, Nevada, Inc. (the managing partner of Stonebrae, L.P.) requesting the assignment is attached as Exhibit A.

Given that Stonebrae, L.P., remains fully obligated under the Development Agreement, staff recommends that the City Council approve the partial assignment of the Development Agreement to the Toll Stonebrae LP.

Jesús Armas City Manager

Attachments: Exhibit A:

Letter from Paul Yuen with Partial Assignment and Assumption Agreement enclosed

Draft Resolution



April 27, 2006

Mr. Jesus Armas City Manager City of Hayward 777 B Street Hayward, CA 94541-4214

Re: Stonebrae Residential and Golf Community

Dear Jesus:

Stonebrae L.P. hereby formally requests the City of Hayward's consent to the partial assignment and assumption of the owner's rights and obligations under the Development Agreement from Toll Bros., Inc. to Toll Stonebrae LP. Toll Bros., Inc. is one of the three initial merchant builders at the Stonebrae Country Club project. The City Council previously approved a partial assignment to Toll Bros., Inc. on November 22, 2005. The Partial Assignment and Assumption Agreement from Stonebrae L.P. to Toll Bros., Inc. was recently executed and approved by the City. Enclosed is the form of Partial Assignment and Assumption Agreement that we and Toll Bros., Inc. are asking the City to approve.

Toll Bros., Inc. recently formed Toll Stonebrae LP to hold the portion of the Stonebrae project that it is purchasing from Stonebrae L.P. and to develop and sell Toll homes at Stonebrae. Toll Stonebrae LP is a California limited partnership. Toll Bros., Inc. is its sole limited partner and owns 95% of Toll Stonebrae LP. Consequently, Toll Bros., Inc. will continue to hold an ownership interest in the Stonebrae project. Only the form of that ownership will change.

Toll Stonebrae LP will be subject to those portions of the Development Agreement that apply to its homebuilding activity. The proposed partial assignment and assumption is contemplated in the Development Agreement and will allow Toll to proceed with development of homes. This assignment and assumption agreement, however, will not release Stonebrae L.P. from its obligations under the Development Agreement. As the master developer, Stonebrae L.P. will continue to be fully bound by all terms of the Development Agreement and continues to be responsible for its implementation.

We and Toll Brothers appreciate very much your and the Council's consideration of our request. We would be more than happy to answer any further questions you or any of the council members may have.

Mr. Jesus Armas April 27, 2006 Page 2

Very truly yours,

STONEBRAE L.P.,

By: YCS Nevada, Incorporated,

By:

Paul W. Yuen

Chief Financial Officer

Enclosure

HAYWARD CITY COUNCIL

RESOLUTION NO	
Introduced by Council Member	

RESOLUTION APPROVING A PARTIAL ASSIGNMENT AND ASSUMPTION AGREEMENT FOR THE STONEBRAE COUNTRY CLUB PROJECT

consents to the Partial Assignment and	the City Council of the City of Hayward hereby Assumption Agreement for the Stonebrae Country ts wholly-owned project subsidiary, Toll Stonebrae orney.
IN COUNCIL, HAYWARD, CALIFOR	NIA, 2006
ADOPTED BY THE FOLLOWING VO	TE:
AYES: COUNCIL MEMBERS: MAYOR:	
NOES: COUNCIL MEMBERS:	
ABSTAIN: COUNCIL MEMBERS:	
ABSENT: COUNCIL MEMBERS:	
ATTEST	7:
	City Clerk of the City of Hayward
APPROVED AS TO FORM:	
City Attorney of the City of Hayward	